

APPENDIX E-399 P

DISCREPANCY REPORTS FROM DLA CUSTOMERS

1. FOREWORD

a. The procedures contained herein apply only to DCSC. When a Center implements SAMMS they will forward a Type 1 change request in accordance with chapter 1 of DLAM 4140.2, Volume II, detailing their existing Supply Operation procedures for processing discrepancy reports. DLAH-OPP upon receipt of the Type 1 change request will review each DSCs procedures and, when appropriate, will approve it for local use only.

b. Standard Form (SF) 364 replaces the DD Form 1599 as the authorized form for the reporting of item discrepancies in shipments that are attributable to the shipper. The SF 364 replaces the DD Form 1599, Report of Item Discrepancy and the SF 361, Discrepancy in Shipment Report (DISREP), previously used to report item discrepancies attributable to shippers in shipments between DoD activities (DD Form 1599) and GSA (SF 361). The SF 361, as revised, will continue to be used to report transportation type discrepancies in shipments. This revision also clarifies the procedures under which item discrepancies are to be reported and requires a copy of the DD Form 1348-1, DoD Single Line Item Release/Receipt Document, or other authorized shipping document to be attached to the SF 364; and establishes the SF 364 as the form to be used to provide disposition instructions to the customer for those discrepant conditions requiring such action, but states the SF 364 is sufficient unto itself and prohibits use of transmittal letters or endorsements; and establishes time standards for reply by the action activities to reporting activities. The DD Form may be used for a period not to exceed 180 days from date of this revision or until exhaustion of stock of the form, whichever occurs first. The DD Form 1599 is to be completed in accordance with the instructions for preparation of the SF 364 as outlined in DLAR 4140.55.

c. SF 364, as revised, replaces the DD Form 6 as the authorized form for the reporting of item discrepancies in packaging and handling. Once the revised SF 364 is available, the DD Form 6 will no longer be used.

2. PURPOSE

a. This appendix prescribes the procedures for processing the following types of discrepancies received from DLA customers.

- (1) DLAM 5015.1, Files Maintenance and Disposition.
- (2) DLAR 4140.55, Report of Item and Packaging Discrepancy (SF 364).
- (3) DLAM 4155.7, Unsatisfactory Materiel Report (Subsistence) (DD Form 1608).
- (4) DLAR 4500.15, Discrepancy in Shipment Report (DISREP) (SF 361).

(5) Discrepancy Reports from Foreign Military Sales (FMS) customers will be processed in accordance with procedures contained in DLAR 4140.60 and these procedures.

(6) Any other complaint or report from any source concerning deficiencies in DLA procured/managed materiel.

b. Control and reporting of discrepancy reports will be as prescribed in HSI 4000.3, DLA Quality Program.

c. This procedure is applicable to chapters 3, 5, 11, 12, 17, and 40.

### 3. APPENDICES USED IN THIS PROCESS

a. Appendix A-1, Document Identifier Codes\*.

b. Appendix A-13, Management Codes\*.

c. Appendix A-15, Purpose Codes.

d. Appendix A-16, Supply Condition Codes.

e. Appendix A-42, Action Codes.

f. Appendix B-4, Requisition Transaction and Document Modifier Transaction.

g. Appendix B-7, Materiel Release Order, Exception Data.

h. Appendix B-14, Materiel Release/Redistribution Order Confirmation Transaction.

i. Appendix B-22, Materiel Adjustment Document (Single or Dual Adjustment).

j. Appendix B-26, Physical Inventory Request Transaction.

k. Appendix B-31, Recommended Disposal Transaction.

l. Appendix B-32, Disposal Release Order (DRO) Transaction.

m. Appendix B-42, Due-In Transaction Other than Procurement Instrument Source.

n. Appendix B-63, Customer Returns Inquiry Transaction.

o. Appendix B-104, Transaction History File Inquiry Transaction.

p. Appendix B-117, Due-In File Inquiry Transaction.

q. Appendix B-120, Peacetime Requirements Forecast Inquiry by Service.

r. Appendix B-121, Corrected Materiel Release Confirmation.

s. Appendix B-143, National Inventory Record (NIR) Inquiry Transaction.

- t. Appendix B-167, Issue Transaction for Transshipment of Suspended Receipts.
- u. Appendix C-11, Single Line Release/Receipt Document, (DD Form 1348-1) with Attached Label.
- v. Appendix C-35, Environmental Reporting Logistics System (ERLS) Data Pull.
- w. Appendix E-022 P, Materiel Adjustment Transaction.
- x. Appendix E-117 P, Due-In File Inquiry Transaction.
- y. Appendix E-031 P, Procedures for Preparation of Recommended Disposal Transaction/Forms.
- z. Appendix E-042 P, Processing Due-In Transaction (Other than Procurement Instrument Source).
- aa. Appendix E-104 P, Transaction History File Inquiry Transaction.
- ab. Appendix E-120 P, Peacetime Requirements Forecast Inquiries by Service.
- ac. Appendix E-121 P, Corrected Materiel Release Confirmation Transaction.
- ad. Appendix E-143 P, National Inventory Record (NIR) Inquiry Transaction.
- ae. Appendix E-167 P, Issue Transaction (Transshipment of Suspended Receipts).
- af. Appendix E-270 P, Procedures for Preparation of Active Requisition Control and Status File Inquiries by CRT Remote (Verb SARC).
- ag. Appendix E-271 P, Procedures for Preparation of National Inventory Record Inquiries by CRT Remote (Verb SNIR).
- ah. Appendix E-303 P, Discrepancy Report Notice.
- ai. Appendix E-505 P, Issue Documents for Repair.
- aj. Appendix E-506 P, Amendment Transactions and Status Requests for Stock and/or Direct Delivery Buys.
- ak. Appendix F-37, Customer Returns Control File Printout, by Document Number.
- al. Appendix F-89, Size Tariff Listing.
- am. Appendix F-109, National Inventory Record (NIR) Printout.
- an. Appendix F-110, Transaction History File Printout.
- ao. Appendix F-160, Discrepancy Report Notice.
- ap. Appendix F-167, Standard Supply Control Study.

#### 4. FORMS

a. SF 364 - This discrepancy report is submitted by customers when one of the following situations are detected on receipt of materials:

(1) When marking deficiencies, regardless of cost, occur:

(a) Involving the address which causes a misdirected shipment.

(b) Affecting the identification of contents which necessitates opening the container or causes improper handling or storing of a shipment.

(2) Under the above circumstances, the purpose is to furnish information to prevent recurrence of the deficiency.

(3) When materiel shipped from a DLA distribution activity or by direct shipment from suppliers is received by a customer and is found to be other than that shown on the shipping document; is shipped to wrong address, shortage, overage, duplicate shipment, unacceptable substitute, erroneous materiel, damaged (not by carrier); item technical data markings are missing, incomplete, and so forth; supply documentation is missing/improperly prepared; or any other condition of an item which materially affects the item's serviceability, useability, or prompt identification for which intended.

(4) When both packaging discrepancies and item discrepancies are noted on the same shipment, both blocks at the top of the SF 364 must be checked and both types of discrepancies reported.

(5) Disposition of Materiel.

(a) The reverse side of SF 364 will be used as an action reply for those discrepant conditions requiring disposition instructions to the customer, i.e., overages, damages, latent defects, and erroneous materiel. These actions do not relieve the customer from complying with the provisions of DoD 4000.25-7-M, MILSBILLS as pertains to Customer Requests for Billing Adjustments.

(b) Additionally, for Foreign Military Sales discrepancy reports, disposition instructions directing the return of materiel to U.S. supply system stock will require the preparation of return shipment documentation, DD Form 1348-1, as described in subparagraph 6e(3)(j).

b. DD Form 1608 - An Unsatisfactory Materiel Report (UMR) is submitted by customers when materiel received by a customer from a distribution activity is determined to be unsatisfactory for its intended purpose because of design, procurement, or quality deficiency. The following conditions will contribute to a discrepancy report being classified as a UMR. Normally this report will be submitted on a DD Form 1608, however, any other complaint or report from any source concerning deficiencies in DLA-procured/managed materiel may be classified as a UMR and processed IAW this procedure.

(1) Defective item, regardless of cause, e.g., wrong materiel/composition (steel, not brass). Faulty workmanship, fabrication, or assembly.

(a) Wrong dimensions.

(b) Item failed tests, e.g., mechanical, electrical, performance, pressure, nondestructive, or other required tests.

(c) Faulty processing, e.g., heat treat, machining, welding, soldering, and so forth.

(2) Item is a bogus part, i.e., is not a new item or not an or equal item.

(3) Nondefective item not suitable for intended use because of a design deficiency.

c. SF Form 361 - This discrepancy report is submitted by customers for reporting transportation discrepancies in shipments. The report furnished, in detail, all data required to establish and support claims against common carriers, DoD shipping installations, or commercial establishments, when Government property is lost, damaged, or destroyed incident to shipment or when inspection is at origin. This includes all data required to adjust loss, damage, or destruction of DLA property shipped from DLA, GSA\* Army, Navy, Air Force, or Civil Agency installations and commercial installations which are attributable to the carrier. Discrepancies exist under the following conditions:

(1) Materiel suspended for Litigation with Carrier - Contractor Receipts.

(a) Materiel received from contractors is held in suspense pending negotiation or litigation, and inspection reveals discrepancy in shipment is attributable to transportation.

(b) The dollar value of the discrepancy meets the criteria set forth in DLAR 4500.15.

(2) Reporting Lost, Damaged, or Destroyed Property (Carrier Responsibility).

(a) Loss and damage claims against common and contract carriers due to loss, damage, or destruction of Government property incident to shipment.

(b) May serve as a survey document for use in adjusting property/inventory records.

(3) Reporting Over, Short, and/or Damaged Freight.

Over, short, or damage discrepancies occurring in Military shipments moving between two points in CONUS that are not resolved in 10 work days after detection, and the overage/shortage value is unknown or the dollar value of the discrepancy meets the criteria set forth in DLAR 4500.15.

## 5. RESPONSIBLE ORGANIZATIONAL ELEMENTS

a. The Quality Assurance Division, Directorate of Technical Operations, will serve as the DSC focal and control point for discrepancies and is responsible for receiving, controlling to action office(s), preparing followups, assuring timely replies, monitoring replies for completeness and accuracy, forwarding replies to originator of discrepancy, maintaining statistics and reports, and also maintaining discrepancy files: The control point is also responsible for coordinating technical information, assistance, evaluations, cost requirements for repair and/or assembly, assisting in identification of materiel, and resolving discrepancy reports.

b. Each operating Branch of the Directorate of Supply Operations (DSO) is responsible for controlling and taking the action necessary to process the discrepancy reports as prescribed in this procedure.

c. The Production Division of the Directorate of Contracting and Production (DP&P) is responsible for controlling and taking the action necessary to prepare contract modifications and computer inputs as required.

d. Office of Data Systems (ODS) is responsible for receiving and processing in the appropriate mechanical routines/various input forms pertaining to this procedure.

e. Office of Comptroller is responsible for receiving completed discrepancy reports and taking necessary adjustment or collection action as outlined in this procedure and DLAMs 7000.1 and 7000.2.

f. The appropriate Contract Administration Office (DCAS or Service Plant Cognizance Representative) when designated CAO in contract is responsible for assisting in resolving discrepancies with contractor/vendors concerning overage, shortage, unserviceable materiels, and furnishing disposition instructions when requested by the DSC.

## 6. PROCEDURES FOR PROCESSING DISCREPANCY REPORTS

### a. General.

(1) The Center Control Point (CCP) will be responsible for initial receipt, timely and adequate processing and final disposition of all discrepancy reports to submitting activities.

(2) Reproduction of all discrepancy report forms will be accomplished by the CCP to ensure that sufficient copies are available for all operating elements to complete processing.

(3) Each operating element will be responsible for forwarding all discrepancy reports to the CCP as processing steps are completed. All reports which, in the course of processing, are received direct from other operational elements and not through the CCP will be returned to the CCP without action, for proper control and routing.

(4) All disposition furnished by other operating elements to the CCP will be in final form to expedite return of the form to the submitting activity.

b. Control.

(1) The CCP for all discrepancy reports will:

(a) Stamp date of receipt on all copies of the forms immediately upon receipt.

(b) Enter on Control Register (DLA Form 762 - Customer Complaint Status Log) by means of a sequential numbering system.

(c) Establish a 15 calendar day suspense for responding to discrepancy reports, except UMRs. The timeframes for acknowledgement and responding to UMRs, as prescribed in DLAR 4155.7, is as follows:

	<u>ACKNOWLEDGE</u>	<u>ACTION</u>	<u>COMPLETE</u>	<u>*INTERIM OR FINAL REPLY TO REPORTING ACTIVITY</u>
Cat I	Immediate		ASAP	Within 5 workdays
Cat II	Immediate	Within 24 hours	ASAP	Within 10 workdays
Cat III	Within 5	Within 5 workdays	ASAP	Within 30 calendar days

\*If an interim reply is furnished, a suspense date for the final reply will be given.

(d) Review discrepancy report to determine action office, enter in control register and forward to action office. If design, technical, or quality data are to be reviewed, discrepancy will be controlled to personnel in the Quality Assurance Division. If records require adjustment, the Inventory Accounting Branch, DSO will be furnished two copies of the discrepancy report. Discrepancies annotated Information Only or not requesting a reply will have no action taken. A copy will be filed for reference purposes.

(e) DLA Form 258 will be used for routing all discrepancy reports from initial receipt to final disposition instructions.

(f) Action offices will retain only one copy and forward all other copies to next action office.

(g) The Routing block will be completed by each office processing the discrepancy report.

(h) Determine action office and forward five copies of the report.

(i) Action offices will return all responses to the CCP for final review as to completeness and technical accuracy and for transmittal to the submitting activity. Inadequate replies will be returned to the action office stating reason(s) for the return and requesting a corrected reply be furnished within seven calendar days. When notification is received by the CCP that a response will be delayed beyond the suspense date for a discrepancy report, a notification will be forwarded to the submitting activity to preclude a followup.

(j) Followup will be made by the CCP to the last known source for delinquent responses. Signature criteria for the followup will be as follows:

1. 15 days old - Branch Chief.
2. 30 days old - Division Chief.
3. 45 days old - Director of Technical Operations.

Reports over 45 days old will not be referred by Director of Technical Operations to Director of Action Office when sufficient justification for aging of report has been provided the CCP.

(k) The CCP will apprise the Management Support Office of the applicable Directorate by IOM of all outstanding discrepancy reports for which disposition action has not been received nor posted to the control register within 30 calendar days from date of distribution from the CCP. This IOM will provide the following identifying data in control number sequence:

1. Control Number assigned to the Discrepancy Report.
2. National Stock Number.
3. Contract/Purchase Order Number (Award Number) or Document Number.

(l) The Management Support Office of the applicable Directorate will be responsible for reviewing, monitoring, and assisting in the expediting of disposition action on all outstanding discrepancy reports over 30 calendar days old, as reported in the CCP's IOM.

(m) Statistics will be developed and quality history data recorded on all discrepancy reports as prescribed in DLAR 4155.6.

(n) Files on discrepancy reports will be maintained for a period of two years from date of completion by the CCP, after which the first year's files will be destroyed.

c. CCP, Quality Assurance Division, Directorate of Technical Operations will receive all discrepancy reports from customers and categorize by discrepant condition code for purposes of adjustments in accordance with provisions of DoD 4000.25-7-M, MILSBILLS.

(1) The discrepant conditions listed below, when accompanied by an FAE transaction or a reply is indicated, will be stamped, if applicable, either CLAIM LESS THAN \$250 (for shipments to DoD activities, excluding Foreign Military Sales and Subsistence commodity shipments) or CLAIM LESS THAN \$100 (for shipments to non-DoD activities, Foreign Military Sales, and Subsistence commodity shipments) LOSS TO BE ABSORBED BY THE CUSTOMER DISCREPANCY IS UNDER REVIEW.

(a) Quantity received less than quantity on receipt document.

(b) Quantity received less than quantity requested (other than unit pack).



(c) Shipped to wrong address.

(d) Lost Shipments.

(e) Quantity received in damaged/unserviceable (latent defects) condition.

(2) A Billing Adjustment/Allowance Transaction, DIC FAE, should accompany a discrepancy report for the discrepant condition listed below. The criteria for the preparation of the FAE transaction are specified in appendix A2, DoD 4000.25-7-M, MILSBILLS.

(a) Unacceptable Overage.

(b) Unacceptable substitute item.

(c) Lost shipment (all short), shortage, or damage.

(d) Erroneous materiel received.

(e) Unacceptable duplicate shipments.

(f) Shipping-type (item) shortage.

(g) Parcel post lost shipment, shortage, or damage.

(h) Expired shelf-life item received.

(i) Overshipment quantity, and accepted request billing for Overage.

(3) Immediately forward all Billing Adjustment/Allowance Transactions, DIC FAE, to the Comptroller, Capital Funds Branch (CAC), Accounting and Finance Division, Office of the Comptroller, for further processing IAW DLAM 7000.2 when the transaction is attached to the customer discrepancy report. If an FAE transaction not received with the customer discrepancy report, the CCP is not required to notify CAC of the discrepancy report in-progress until final disposition has been determined. However, the discrepancy report is to be noted NO FAE TRANSACTION RECEIVED and a copy is to be forwarded to CAC when disposition instructions are furnished to the customer.

(4) Retain a copy of the stamped discrepancy report in the completed file for future reference.

(5) Request distribution activities to inspect stock when discrepant condition in subparagraph (1) (e), (2) (b), or (2) (d) above is indicated, and it has been determined the shipment was made from depot stocks. Depots will be advised by CCP to place on-hand stocks in either Condition Code J or L when the customer's complaint is validated. Condition Code L will be used only when it is determined there is contractor/vendor liability for the condition of the materiel being inspected. CCP will inform the IM by a copy of the telephone conversation, message, or letter when stocks are being inspected.

(6) CCP will perform the necessary technical research and provide disposition instructions to the customer. When the inventory records require adjustment, CCP will forward the original and three copies of the annotated discrepancy report to Inventory Accounting Branch (IAB), Stock Control Division, DSO, for further processing.

(7) When CCP cannot determine whether the customer's complaint NSN or non-NSN resulted from depot stocks being shipped or from direct shipment by the vendor, the discrepancy report will be controlled and forwarded to IAB (original and three copies) for this determination.

(8) Stamp the reverse side of all FAE transactions which are attached to the customers' discrepancy reports with the note CUSTOMER DISCREPANCY REPORT NO. \_\_\_\_\_ IN-PROCESS. The discrepancy report is to be annotated FAE TRANSACTION TO CAC ON \_\_\_\_ (date) \_\_\_\_\_. The stamped FAE transaction only is to be forwarded immediately to CAC for record purposes. If an FAE transaction is not received with the customer discrepancy report, the CCP will annotate NO FAE TRANSACTION RECEIVED. The CCP is not required to notify CAC of the discrepancy report being processed.

(9) Forward all customer discrepancy reports (NSN or NNSN) to the Inventory Accounting Branch for further processing when it is indicated that supply documentation was not received, was illegible, mutilated, incomplete, improper, or without authority.

(NOTE: When it is determined the customers' complaint resulted from a Direct Shipment by the Vendor and the DSC's Contract Number is entered on the discrepancy report, the CCP will provide disposition instructions to the customer.)

(10) Forward all customer discrepancy reports (NSN or NNSN) to the Inventory Accounting Branch, except as noted below, for further processing when it is indicated materiel was addressed to the wrong activity. (Note: When it is determined the customers' complaint resulted from a Direct Shipment by the Vendor, the CCP will provide disposition instructions to the customer.)

(11) Perform the necessary technical research and furnish disposition instructions to the customer when the discrepancy reports indicate that item technical data markings, i.e., name plates, log books, operating handbooks, special instructions, etc., are missing, illegible, or mutilated, precautionary operational markings missing, inspection data missing or incomplete, serviceability operating data missing or incomplete, or warranty data missing. The CCP is not required to inform other internal operating elements of the above actions.

(12) Technically review discrepancy reports which are annotated or stamped INFORMATION ONLY to determine if any action is required by the DSC. If so, process in accordance with these procedures. If not, file for reference purposes.

(13) When the discrepancy report is for an NNSN item and it is determined that the discrepant condition resulted from DSC action, CCP will furnish disposition instructions indicating that credit is authorized regardless of the dollar value. When the discrepant

condition was not caused by DSC actions, CCP will furnish disposition instructions and either deny or authorize credit in accordance with the MILSBILLS billing adjustment criteria outlined in subparagraph 6c(1) above.

(14) When the customers' complaint pertains to a duplicate or over-shipment that was direct from vendor and the customer desires to retain the overage which is in excess to billing, CCP will submit DLA Form 258, with two copies of discrepancy report attached, to RPB requesting a direct delivery manual Walk-Thru Purchase Request be established for the overage quantity in accordance with appendix E-044 P.

(15) CCP will receive a copy of the above DLA Form 258, with one copy of discrepancy report attached, from RPB indicating requested action completed. Also, a Requisition Status File Remote Inquiry will be attached showing the Walk-Thru Purchase Request number has been established.

(16) CCP will contact Procurement requesting that the contract be amended, award output be made to overlay the Walk-Thru Purchase Request number, and shipping data be input after the award number is posted to the Active Contract File.

(17) CCP will advise the customer of the forthcoming debit billing action and file a copy of the discrepancy report in the completed file.

d. Processing Unsatisfactory Materiel Reports (UMRs).

(1) The CCP will receive UMRs as advice that unsatisfactory materiel has been received by a customer activity from either a contractual source or a distribution activity.

(2) If appropriate, the CCP will match the Discrepancy Report Notice, appendix F-160, with the report and annotate during processing in accordance with appendix E-303 P. In addition, the CCP will serve as Contracting Officer's Representative in contracts with contractors. The CCP will process UMRs in accordance with DLAM 4155.2 and as follows:

(a) Review technical data pertinent to the UMR and if the report is invalid, furnish the originator of the report a reply stating reason(s) for report being invalid.

(b) If report is valid:

1. Request that distribution activities inspect stock and place in either Condition Code J or L if nonconforming. Condition Code J will be used only when it has been predetermined that there is no recourse to a vendor. Request for stock inspection and reply for Categories I and II UMRs will be by telephone to the distribution activities and confirmed by message or letter. Category III UMRs will be by letter. The Item Manager will be informed by a copy of telephone conversation, message, or letter when stocks are being inspected.

2. Make final disposition of unsatisfactory materiel by:

a. Arranging for return to contractor for replacement or reimbursement to the U.S. Government. The CCP will request the Inventory Accounting Branch, DSO, to prepare MRO for return of materiel to the Contractor when DSC stocks are involved.

b. Recommending materiel be processed to Property Disposal Office when DSC stocks are involved. The CCP will request the Inventory Accounting Branch to prepare a Disposal Directive (DIC ZLC) when required.

c. Returning materiel to Condition Code A.

3. Coordinate all action with responsible activity elements or DSAS as appropriate.

4. Take necessary action or assure that action is taken to revise specification, standards, packaging requirements, procurement item description, Depot Serviceability Standards, Technical Maintenance Standards, Supply Catalogs, Technical Manuals, or any other technical data to preclude recurrence of the UMR.

5. Ambiguous or border line UMRs involving contractual matters will be coordinated with Office of Counsel prior to contacting the vendor.

e. Inventory Accounting Branch, Stock Control Division, DSO will:

(1) Receive the original and three copies of customer discrepancy reports (NSN or NNSN) from the CCP for further processing.

(2) Obtain status of the customer requisition from the Requisition History File by the preparation and input of the Requisition History File Inquiry Transaction, DIC ZCW/ZCX, appendix B-155, in accordance with appendix E-155 P.

(3) Review the Requisition History File Printout, appendix F-45, and take the following action.

(a) When the discrepancy is a shortage and the quantity being questioned is reflected in BA status, OSI will prepare a manual (off-line) Materiel Release Order Followup Transaction, DIC AF6, IAW appendix B-90 format. Annotate AF6 transaction, QUANTITY INDICATED IS IN BA STATUS - REQUEST SHIPMENT BE EXPEDITED. Mail AF6 transaction to the applicable shipping depot. Annotate discrepancy report for reference purposes.

(b) When the discrepancy is a shortage and the shipment was made by GBL, Commercial Bill, Registered Mail, or any other traceable means. Inventory Accounting Branch will, for other than FMS RODs, annotate the discrepancy report with Shipping Data and request the customers' Transportation Officer prepare and submit a Discrepancy in Shipment Report (DISREP), SF 361, IAW own Service procedures. When the SF 364 has been annotated by CCP with FAE TRANSACTION TO CAC ON (date), a copy of the completed discrepancy to CAC is not required. Forward (use DLA Form 258) original and one copy of the completed discrepancy report to CCP for mailing of disposition action to the customer. Advise CCP on the DLA Form 258 whether a copy of the completed discrepancy report has or has not been forwarded to CAC. Retain a copy of the completed discrepancy report for reference purposes.

(c) For FMS RODs reporting shortages in shipment, annotate applicable data on reverse side of SF 364 and forward to appropriate depot requesting that a signed copy of the shipping document (may be

xeroxed) be provided and returned with shipping document to the appropriate DSC. Depot will respond to these requests within 30 days from date of receipt from the DSCs. If the shipment was the result of a direct vendor delivery, forward the SF 364 to CCP with annotation that evidence of shipment must be obtained from vendor. Upon receipt of shipment data from the depot, forward completed discrepancy report with evidence of shipment to CCP for return to the appropriate ILCO. Retain copy for reference purposes.

(d) When the discrepancy is a shortage and the shipment is Mode I (Government Truck) the following will apply:

1. When a customer picks up stock at a depot, the courier signs a DD Form 1348-1 for stock received. Therefore, responsibility for the stock on consignee pickup is the receiver, and no shortage discrepancy is authorized.

2. Delivery by Government truck from depot to a customer, would place the responsibility on the depot until materiel is received and receipt signed by the customer's representative.

3. Consolidated pickup/delivery (several requisitions) has a packing slip enclosed for each requisition. It is responsibility of the requisitioner to properly record receipt of these documents. Consolidated pickup/delivery is recorded on the same TCN number.

4. A concealed shortage, damaged or incorrect materiel could be justified but a carrier shortage by Government truck is unauthorized.

(e) When the discrepancy is a shortage, and the shipment cannot be traced (i.e., shipped via Air or Surface Parcel Post), the IAB will annotate the discrepancy report CREDIT AUTHORIZED, and a copy of the report will be forwarded to CAC. Discrepancy reports concerning Foreign Military Sales transactions more than two years of age, or one year on a Service or Grant Aid requirement, will be annotated by IAB with CREDIT NOT AUTHORIZED DUE TO AGE OF TRANSACTION. A copy of the completed report will be forwarded to CAC. Forward (use DLA Form 258) original and one copy of the completed discrepancy report to the CCP for mailing of disposition action to the customer. Advise the CCP on the DLA Form 258 whether a copy of the completed discrepancy report has been forwarded to CAC. Retain a copy of the completed report for reference purposes.

NOTE: When the credit adjustment is under \$800 per line item, no adjustment to NIR is required. When the credit adjustment is over \$800 per line item, a Physical Inventory Request Transaction, DIC ZJA, appendix B-26, will be prepared IAW appendix E-026 P for purposes of adjusting the NIR.

(f) When the discrepancy is a shortage and research reveals the D7B Post-Post action does not reflect shipment data, the Date Processed, shown in pos. 73-75 of the Transaction History File, will be used to determine if the customer has reported within the proper time frames, as outlined in DLAR 4140.55.

(g) When the discrepancy is an overage or duplicate shipment from depot stocks and the customer desires to retain the overage, when the value of the shipment meets the MILSBILLS billing adjustment criteria outlined in subparagraph 6c(1), the Inventory Accounting Branch (IAB) will annotate the following statement on the discrepancy report, BILLING WILL BE MADE. The IAB will also annotate on the Requisition History File (RHF) Printout, TOTAL QUANTITY OF \_\_\_\_\_ FROM DEPOT LOCATION \_\_\_\_\_ (RIC). CORRECTED MRO IS REQUIRED. Forward a copy of the completed discrepancy report and a copy of the annotated RHF Printout to the Requisition Processing Branch (RPB) for input action to generate the correct billing. Forward (use DLA Form 258) the original and one copy of the annotated discrepancy report only to CCP for mailing of the disposition action taken to the customer. Retain a copy of the annotated discrepancy report and a copy of the annotated RHF Printout for reference purposes. When the overage or duplicate shipment is less than the MILSBILLS billing adjustment criteria outlined in subparagraph 6c(1), no action for billing adjustment will be initiated.

(h) When the discrepancy is an overage or duplicate shipment from depot stocks, the materiel was in excess to billing, and the customer does not desire to retain the overage, IAB will obtain disposition instructions from the Inventory Manager. When the IM's decision is to dispose of the materiel as excess, IAB will annotate discrepancy report SHIP TO LOCAL PDO AND DISPOSE OF MATERIEL AS EXCESS IAW SERVICE PROCEDURES. NO BILLING ADJUSTMENT REQUIRED, AS NO DEBIT BILLING WAS MADE. No DRO is required. No adjustment to the NIR is required when the disposal is valued at under \$800 per line item. When the adjustment is \$800 or over per line item, a Physical Inventory Request Transaction, DIC ZJA, appendix B-26 IAW appendix E-026 P will be taken for purposes of adjusting the NIR. When the discrepancy report has been annotated by CCP with FAE TRANSACTION TO CAC ON \_\_\_\_\_ (date)\_\_\_\_\_, a copy of the completed discrepancy report is to be forwarded to CAC by IAB; otherwise, a copy of the discrepancy report to CAC is not required. Forward (use DLA Form 258) original and one copy of the completed discrepancy report to CCP for mailing of disposition action to the customer. Advise CCP on the DLA Form 258 whether a copy of the completed discrepancy report has or has not been forwarded to CAC. Retain a copy of the completed discrepancy report for reference purposes.

(i) When the discrepancy is received for nonreceipt of materiel and a review of the requisition history file shows that the MRO was force closed (DIC ARH or psuedo number), credit will be granted the customer.

(j) When the IM's decision is to return the materiel to stock, and the materiel is in excess to billing, IAB will annotate the discrepancy report, RETURN OVERAGE (OR DUPLICATE SHIPMENT) TO DEPOT LOCATION \_\_\_\_\_ (FURNISH IN-THE-CLEAR ADDRESS) UNDER THE SAME REQUISITION NUMBER. For other than Foreign Military Sales (FMS) discrepancy reports, request the shipping document, DD Form 1348-1, be annotated DSC DIRECTED RETURN. For FMS discrepancy reports, shipping documentation must be prepared to accompany the completed discrepancy report. (See subparagraph 6e(3)(j), below). No adjustment to the NIR is required. No MRO is required. When the discrepancy report has been annotated by CCP with FAE TRANSACTION TO CAC ON \_\_\_\_\_ (date)\_\_\_\_\_, a copy of the completed discrepancy report is to be forwarded (use DLA Form 258) to CAC by IAB; otherwise, a copy to CAC is not required. Forward (use DLA Form 258) original and

one copy of the completed discrepancy report to CCP for mailing of disposition action to the customer. Advise CCP on the DLA Form 258 whether a copy of the completed discrepancy report has or has not been forwarded to CAC. Retain a copy of the completed discrepancy report for reference purposes. When the wrong materiel was received, i.e., the billing adjustment request/discrepancy report cited Advice Code 022, manually prepare a Due-In Transaction, DIC DFB, appendix B-42, to establish a due-in record for the requisition document number and the depot location for which the wrong materiel is being returned. Manually prepare and forward special inventory requests to the depot(s) involved for both NSNs to ascertain the current on-hand balances for each NSN.

(k) When the IM determines that discrepant FMS materiel is to be returned to stock, disposition instructions directing the return of materiel to U.S. supply system stock will also require the preparation of the shipping documentation, DD Form 1348-1, to be used to return the materiel. The DD Form 1348-1, in five copies, will be forwarded to the U.S. International Logistics Control Office (ILCO), indicated by the 1st position of the Requisitioner's Number (Block 8, SF 364) along with the SF 364 and will contain the following entries:

<u>ITEM</u>	<u>PRINT POSITION COLUMNS</u>	<u>IDENTIFICATION OR SOURCE OF DATA</u>
Doc. Ident.	1-3	Leave blank.
RI From	4-6	Leave blank.
M&S	7	Leave blank.
Stock Number	8-22	Stock or Part number of the item authorized to be returned.
Unit of Issue	23-24	Unit of Issue.
Quantity	25-29	Quantity Authorized to be returned.
Document Number	30-43	Requisitioner's Number from Block 8, SF 364.
Suffix	44	Leave blank.
Supplementary Address	45-50	Leave blank.
Signal	51	Leave blank.
Fund	52-53	Leave blank.
Distribution	54-56	Leave blank.
Project	57-59	Leave blank.
Priority	60-61	Leave blank.

<u>ITEM</u>	<u>PRINT POSITION COLUMNS</u>	<u>IDENTIFICATION OR SOURCE OF DATA</u>
Req'd Del Date	62-64	Leave blank.
Advice	65-66	Leave blank.
RI	67-69	Routing Identifier Code of the DSC.
Blank	70-73	Leave blank.
Unit Price	74-80	Unit Price for the stock or part number shown in cc 8-22. (Same price as used on the issue document.)
<u>BLOCK</u>		
A		Leave blank.
B		The consignee by account number, name and address.
C-D		Leave blank. The ILCO will determine use of U.S. Defense Transportation System.
E		The extended value of the transaction.
F-N		Leave blank.
O		Date of document preparation.
P		Apply Condition Code of materiel authorized for return.
Q-Y		Leave blank.
1-10		Leave blank.
AA-BB		Enter ROD # from Block 2, SF 364.
CC-GG		Leave blank.
11-12		Leave blank.
13		Transportation fund cite applicable to the shipment.
14-15		Leave blank.

(1) Obtain an RHF Printout, appendix F-45, for the requisition document number reflected on all discrepancy reports received from CCP indicating that supply documentation was not received, was illegible or mutilated, incomplete, improper, or without authority for review and disposition. When the RHF Printout does not provide the Contract



Number, when required, a Transaction History File Inquiry, DIC ZQA, appendix E-104 P. The NSN or Part Number for the ZQA Inquiry is to be obtained from the A Series DIC transaction of the RHF Printout, appendix F-45. This procedure is applicable to both NSN and non-NSN identified discrepancy reports.

(m) Return original and two copies of all discrepancy reports to CCP when it is determined that the discrepancy resulted from Direct Shipments by the Vendor. IAB will annotate the discrepancy report VENDOR SHIPMENT - CONTRACT NO. \_\_\_\_\_, and forward to CCP for further processing. DLA Form 258 will be used for routing purposes. Retain a copy of the annotated discrepancy report for reference purposes.

(n) Upon review of the RHF and the Transaction History File Printouts annotate disposition instructions on the discrepancy report. Forward (use DLA Form 258) original and one copy of the annotated discrepancy report to CCP for mailing the disposition action to the customer. Retain a copy of the completed discrepancy report for reference purposes. When credit or billing actions are involved, IAB will forward a copy of the completed discrepancy report to CAC for processing the FAE in accordance with DLAM 7000.2.

(o) Obtain an RHF Printout, appendix F-45, for the requisition document number reflected on all discrepancy reports received from CCP indicating materiel was addressed to the wrong activity. When it is determined that the discrepancy resulted from a Direct Shipment by Vendor, IAB will return completed discrepancy report to CCP for further processing. Annotate discrepancy report, VENDOR SHIPMENT - CONTRACT NO. \_\_\_\_\_. When the discrepancy resulted from depot shipment, advise the customer to transship the materiel to (furnish in clear address of the customer activity). Forward (use DLA Form 258) the original and one copy of the annotated discrepancy report to CCP for mailing disposition action to the customer. MRO is not required. Retain a copy of the completed discrepancy report for reference purposes.

(p) Receive all discrepancy reports forwarded by CCP with the note or stamp FOR ADJUSTMENT OF RECORDS ONLY and take action to adjust records accordingly.

f. Requisition Processing Branch, Stock Control Division, DSO will:

(1) Receive a copy of the completed discrepancy report and a copy of the annotated RHF Printout from IAB for input to generate the billing.

(2) Obtain an ARCSF Inquiry by CRT Remote, appendix E-270 P, for the requisition document number shown on the discrepancy report.

(3) Prepare a Corrected Materiel Release Confirmation Transaction, appendix B-121 (DIC ZHR), with pos. 69-73 zero filled (00000) to reverse quantity and billing to zero. After input has been made obtain an ARCSF Remote Inquiry to validate the input.

(4) After above action is validated, prepare a Materiel Release Confirmation Transaction, appendix B-14 (DIC ARA), for the total quantity actually received by the customer. Use the same shipment data as shown on the annotated RHF Printout for the depot location from which the overage or duplicate shipment was made.

(5) Retain copy of the complete discrepancy report and copy of the annotated RHF Printout and other related documents in requisition document number sequence for a period of six months for future reference purposes.

g. Processing Discrepancy Reports for Preservation, Packaging, Packing, Palletization, and Marking (PPPP&M).

Discrepancy reports for PPPP&M should be received on an SF 364; however, other approved Service forms may be submitted by customers. Regardless of the form received, DLAR 4140.55 and these procedures will apply for processing. They are submitted for corrective action/disposition instructions regarding (1) evaluation of PPPP&M requirements; (2) inadequate PPPP&M on materiel shipped to customers; and (3) PPPP&M contract violations. They may be one or a combination of these three conditions and will be processed as follows:

(1) The CCP, Quality Assurance Division, Directorate of Technical Operations will receive the report, determine the condition(s) involved, and action(s) to be taken. CCP will serve as Contracting Officer's Representative in contact with contractors.

(2) Evaluation of PPPP&M requirements:

(a) CCP will evaluate the PPPP&M requirements, coordinate recommended changes when appropriate, and advise the reporting activity, as requested, of determinations and/or revisions to the PPPP&M requirements.

(b) Revised requirements will be input into the Procurement Technical Data File.

(3) Inadequate PPPP&M on Materiel Shipped to Customers by distribution activities.

(a) CCP will review report and no action will be taken if materiel shipped was in accordance with PPPP&M requirements or if report indicates that the shipper (distribution activity) received a copy of the report.

(b) If materiel shipped was not in accordance with PPPP&M requirements, CCP will notify shipper (distribution activity) of the discrepancy and request corrective action be taken to prevent further recurrence. The corrective action will include inspection and PPPP&M of stock. No action will be taken if the report indicates that the shipper (distribution activity) received a copy of the report.

(c) If materiel shipped was received damaged because of inadequate PPPP&M and credit/replacement is requested, CCP will contact the IM regarding credit and disposition instructions for damaged materiel.

(d) CCP will furnish a copy of the completed report to the Item Manager and in addition if credit is authorized, a copy to Capital Funds Branch, Accounting and Finance Division, Office of Comptroller.

(4) Discrepancies in PPPP&M on materiel shipped direct to customer from suppliers. CCP will process reported discrepancies in PPPP&M performed by suppliers, in accordance with applicable instructions outlined in subparagraph j of Procedure for Processing Discrepancy Reports from Distribution Activities (appendix E-398 P).

h. Processing Discrepancy in Shipment Report (DISREP) - SF361:

(1) These discrepancy reports will be prepared and distributed by DLA customers in accordance with DLAR 4500.15.

(2) Reports covering losses, damages or destruction of DLA property which are attributable to the carrier shipments (F.O.B. origin) will be distributed by the CCP as follows:

(a) Partially completed reports (block 31 or 32 not completed) for shipments from procurement sources will be forwarded to the Transportation Officer for further processing.

(b) Completed reports for shipments from distribution activities will be forwarded to the Transportation Officer for further processing.

(c) Completed reports, regardless of source, indicating pecuniary liability will be forwarded to the Comptroller (ATTN: CAC) for establishment of a claim receivable and recording of loss on incoming shipments in accordance with the provisions of DLAMs 7000.1 and 7000.2.